

Message Text

PAGE 01 STATE 103870 TOSEC 110361

62

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SUBJECT: PRESS MATERIAL

1. HERewith FULL TEXT ROBERT KEATLEY OP-ED PAGE COLUMN, WALL STREET JOURNAL, THURSDAY, APRIL 29, HEADED "THE BIG FLAP OVER THE CANAL."
 2. WHEN IT COMES TO PANAMA, RONALD REAGAN KNOWS EXACTLY WHERE HE STANDS.
 3. HE STANDS FOURSQUARE AGAINST DIPLOMATIC TALKS WITH THE GOVERNMENT OF GENERAL OMAR TORRIJOS TO REVISE TERMS BY WHICH THE UNITED STATES CONTROLS THE PANAMA CANAL.
 4. "WE SHOULD END THOSE NEGOTIATIONS AND TELL THE GENERAL: 'WE BOUGHT IT, WE PAID FOR IT, WE BUILT IT AND WE INTEND TO KEEP IT,'" SAYS THE REPUBLICAN PRESIDENTIAL ASPIRANT AS HE TRIES TO ROUSE CONSERVATIVE VOTERS TO HIS CAUSE, ESPECIALLY IN SATURDAY'S TEXAS PRIMARY.
- UNCLASSIFIED

PAGE 02 STATE 103870 TOSEC 110361

5. BUT IF MR. REAGAN'S POSITION IS FIRM, THE GROUND BENEATH HIM IS NOT. HIS VIEW COMBINES FACTUAL ERROR WITH POOR JUDGMENT, AND AS U.S. POLICY IT WOULD GIVE WASHINGTON SERIOUS, NEEDLESS AND ENTIRELY AVOIDABLE PROBLEMS NOT ONLY WITH

PANAMA BUT WITH ALL OF LATIN AMERICA.

6. THAT, AT LEAST, IS THE OPINION OF A BROAD RANGE OF AUTHORITIES ON AMERICA'S PANAMA CANAL PROBLEM. THEY BELIEVE PRESENT TREATY TERMS DEFINING AMERICA'S PRESENCE THERE ARE ANACHRONISTIC AND UNTENABLE IN THIS ERA OF FERVENT NATIONALISM. THEY ALSO THINK CLINGING TO THE 73-YEAR-OLD TREATY IS UNNECESSARY EVEN IF THE U.S. WISHES TO RETAIN CANAL OPERATING AND DEFENSE RIGHTS A FEW MORE DECADES. A COMPROMISE PROTECTING AMERICAN INTERESTS WHILE SATISFYING PANAMANIAN DEMANDS IS BOTH POSSIBLE AND HIGHLY DESIRABLE, THEY CONTEND.

7. "THE GREATEST DANGER TO THE NATIONAL INTERESTS OF THE UNITED STATES WOULD BE A CONTINUATION OF THE PRESENT TREATY, WARNS A HOUSE COMMITTEE ON INTERNATIONAL RELATIONS STUDY ISSUED EARLY THIS YEAR. "IF THERE IS NO NEW TREATY WE RUN GRAVE RISKS, INCLUDING DAMAGE TO THE CANAL OR EVEN CLOSURE OF IT, AND HARM TO BROAD AMERICAN POLITICAL AND ECONOMIC INTERESTS."

8. IT IS NOT A UNANIMOUS VIEW, HOWEVER. IN ADDITION TO MR. REAGAN, ASSORTED OTHERS OPPOSE CANAL NEGOTIATIONS--WHICH THEY GENERALLY CALL A GIVEAWAY. THE VETERANS OF FOREIGN WARS, FOR EXAMPLE, OPPOSES EVENTUAL TURNOVER OF THE CANAL ZONE TO PANAMA THOUGH IT'S WILLING TO CONSIDER LESSER TREATY REVISIONS. ON CAPITOL HILL, 37 SENATORS, LED BY STROM THURMOND (R., S.C.) AND JOHN MCCLELLAN (D., ARK.) HAVE SIGNED A RESOLUTION THAT WARNS THE U.S. MUST NOT "CEDE, DILUTE, FORFEIT, NEGOTIATE, OR TRANSFER" ANY OF ITS "SOVEREIGN RIGHTS" IN THE CANAL ZONE. THAT NUMBER IS MORE THAN ENOUGH TO BLOCK RATIFICATION OF A NEW TREATY, IF PRESENT NEGOTIATIONS EVER PRODUCE ONE. PUBLIC OPINION POLLS SHOW THIS CONCERN IS SHARED BY MANY CITIZENS, ESPECIALLY ELDERLY REPUBLICAN MALES.

UNCLASSIFIED

PAGE 03 STATE 103870 TOSEC 110361

9. LOBBYISTS AGAINST CHANGE ARE INFLUENTIAL. THEY INCLUDE SOME MILITARY MEN WHO FIND CANAL ZONE BASES IMPORTANT TO U.S. DEFENSES, OR AT LEAST GOOD DUTY POSTS. SOME SHIPPING INTERESTS OPPOSE CHANGE BECAUSE THEY'RE AFRAID TOLLS MIGHT RISE IF THE PANAMANIAN GOT A MANAGEMENT VOICE (TOLLS DID GO UP 20 PERCENT IN 1974 AND THE CANAL STILL LOSES MONEY). FINALLY, CANAL ZONE EMPLOYEES, WHO MIGHT NOT DUPLICATE THEIR GOOD LIFE IF THEY CAME HOME, ALSO LOBBY HARD AGAINST TREATY REVISION. ONE OF THESE EMPLOYEES PRESUMABLY LOBBIES WITH HER FATHER, SENATOR MCCLELLAN, A LEADER OF THE STATUS QUO FORCES.

10. SOME CONCERN IS UNDERSTANDABLE. BUILDING THE CANAL

WAS THE MOON WALK OF ITS DAY, A BREATHTAKING ENGINEERING AND CONSTRUCTION FEAT. THE CANAL BECAME A SOURCE OF GREAT NATIONAL PRIDE AFTER IT OPENED IN 1914--TRUMPETED IN SCHOOL TEXTS AND POLITICAL SPEECHES--AND WAS CONSIDERED A SELFLESS AMERICAN CONTRIBUTION TO WORLD COMMERCE. THE BIG DITCH ALSO BECAME AN IMPORTANT DEFENSE ASSET, ENABLING THE U.S. NAVY TO SWITCH QUICKLY FROM ONE OCEAN TO THE OTHER. IN FACT, THEODORE ROOSEVELT'S DESIRE TO MANEUVER THE GREAT WHITE FLEET HELPED START IT ALL.

11. THEREFORE, CONCLUDES THE VFW, "THE CANAL WILL REMAIN AMERICAN WITHOUT ANY IFS, ANDS OR BUTS."

12. UNFORTUNATELY FOR THOSE WHO PREFER THE STATUS QUO, THE ISSUE ISN'T THAT SIMPLE. IT IS TRUE THAT THE U.S. HAS NO LEGAL OBLIGATION TO CHANGE THINGS; THE 1903 TREATY GAVE IT USE OF A CHUNK OF PANAMANIAN TERRITORY "IN PERPETUITY," AND THERE HAS BEEN NO AMERICAN VIOLATION OF ITS CLAUSES. THOUGH MANY PANAMANIAN EVER SINCE 1903 HAVE THOUGHT THEY WERE SWINDLED BY THAT TREATY, WASHINGTON COULD TOUGH IT OUT RATHER THAN AGREE TO CHANGE.

13. BUT STATE DEPARTMENT OFFICIALS AND MANY OTHERS WHO HAVE STUDIED THE PROBLEM CONTEND THAT'S NOT THE OBJECTIVE. THEY SEE NEGOTIATIONS AS A WAY TO PRESERVE U.S. INTERESTS
UNCLASSIFIED

PAGE 04 STATE 103870 TOSEC 110361

THERE, NOT AS AN EXERCISE IN CLINGING TO DATED TREATY PROVISIONS. THEIR GOAL IS TO ENSURE CONTINUED AMERICAN OPERATION AND DEFENSE OF THE CANAL WHILE IT REMAINS IMPORTANT TO THIS COUNTRY, ON TERMS WHICH PANAMA WILL ACCEPT GRACEFULLY.

14. THE ALTERNATIVE INCLUDES VIOLENCE, IN THEIR VIEW. IN 1964, ANTI-AMERICAN RIOTS CAUSED 24 DEATHS AND NEW OUT-BREAKS ARE POSSIBLE IF CURRENT TALKS DON'T REVISE THE TREATY SOON. GENERAL TORRIJOS HAS TALKED ABOUT TAKING "THE HO CHI MINH ROUTE" IF NEGOTIATIONS FAIL, BUT NO OFFICIAL PANAMANIAN ACTION IS NEEDED TO SABOTAGE THE CANAL. A SINGLE WORKER WITH A LUNCHBOX STUFFED WITH DYNAMITE (MOTIVATED BY ANY CAUSE) COULD DAMAGE A CANAL LOCK; "THE LOSS OF A SLUICeway COULD DRAIN THE SYSTEM AND REQUIRE AS MUCH AS TWO YEARS OF RAINFALL TO REFILL IT," SAYS A STUDY BY THE OVERSEAS DEVELOPMENT COUNCIL, A NONPROFIT RESEARCH GROUP.

15. IN ONE SENSE, THEREFORE, THE CANAL IS INDEFENSIBLE AND THUS "PERPETUITY HAS LITTLE MEANING IN A CONTEXT THAT ONE PARTY TO AN AGREEMENT OVERWHELMINGLY REJECTS," SAYS THE ODC REPORT.

16. MR. REAGAN AND OTHERS RAISE SEVERAL ISSUES WHICH MANY

EXPERTS FIND OF DUBIOUS MERIT AND PRACTICALITY. AMONG THEM ARE:

17. SOVEREIGNTY. THE FORMER CALIFORNIA GOVERNOR CONSIDERS THE CANAL ZONE, WHICH CUTS PANAMA IN TWO, TO BE "SOVEREIGN U.S. TERRITORY EVERY BIT THE SAME AS ALASKA AND ALL THE STATES THAT WERE CARVED FROM THE LOUISIANA PURCHASE." MOST AUTHORITIES CONSIDER THIS DEMONSTRABLY UNTRUE, ALTHOUGH THE CLAIM ACCOUNTS FOR MUCH OF TODAY'S CONTROVERSY.

18. THE DOMINANT VIEW, AS STATED BY THE CONGRESSIONAL STUDY, IS THAT THE U.S. BOUGHT "RIGHTS"--NOT "OWNERSHIP"--WHEN IT TOOK OVER THE ZONE IN 1903. IT PAID \$10 MILLION FOR THEM PLUS \$250,000 ANNUALLY (NOW UP TO \$2.3 MILLION YEARLY) SO IT COULD EXERCISE THESE RIGHTS, AS "IF IT WERE SOVEREIGN," THE 1903 TREATY SAYS.
UNCLASSIFIED

PAGE 05 STATE 103870 TOSEC 110361

19. "THE TRUTH IS THAT WHILE WE HAVE ALL THE ATTRIBUTES OF SOVEREIGNTY...THE VERY FORM IN WHICH THESE ATTRIBUTES ARE CONFERRED IN THE TREATY SEEMS TO PRESERVE THE TITULAR SOVEREIGNTY OVER THE CANAL ZONE IN THE REPUBLIC OF PANAMA," SAID A 1905 REPORT BY SECRETARY OF WAR WILLIAM HOWARD TAFT, NOT ONE OF NATURE'S RADICALS.

20. LEGAL SCHOLARS SAY THE U.S. WOULDN'T PAY PANAMA SUCH AN ANNUAL FEE IF IT OWNED THE ZONE OUTRIGHT. IT PAID NO SUCH FEES TO FRANCE FOR USE OF THE LOUISIANA TERRITORY, FOR EXAMPLE. OTHER FACTORS ALSO INDICATE THE ZONE ISN'T U.S. TERRITORY; CHILDREN BORN THERE AREN'T AUTOMATICALLY U.S. CITIZENS AND MANY COURT DECISIONS HOLD THAT CERTAIN U.S. LAWS DON'T APPLY THERE (THOUGH MANY DO).

21. SO THE ISSUE IS NOT WHETHER THE U.S. OWNS THE CANAL ZONE; IT DOESN'T. BUT IT DOES INVOLVE WHAT RIGHTS AND PRIVILEGES AMERICANS WILL HAVE THERE, AND UNDER WHAT TERMS.

22. OPERATIONS AND DEFENSE. THE U.S. EFFORT--INITIATED BY PRESIDENT JOHNSON AFTER THE 1964 RIOTS--IS TO GET A FIXED-TERM TREATY THAT WILL LET THIS COUNTRY CONTROL THE CANAL FOR SOMETHING OVER 25 YEARS, WHICH SOME SAY IS THE CANAL'S REMAINING USEFUL LIFE AS A MAJOR WATERWAY. THE CANAL IS DECLINING IN IMPORTANCE BECAUSE MANY NEW COMMERCIAL AND MILITARY SHIPS CAN'T FIT THROUGH ITS LOCKS, AND BECAUSE TRADE PATTERNS ARE CHANGING.

23. PANAMANIAN WOULD BE DRAWN DURING THIS PERIOD INTO MANAGEMENT AND MILITARY MATTERS, AND THEY WOULD ASSUME OVERALL RESPONSIBILITY WHEN THE TREATY EXPIRES. THE TWO GOVERNMENTS SET FORTH GENERAL PRINCIPLES FOR SUCH AN AGREEMENT IN 1974, THOUGH THE TALKS ON DETAILS MOVE SLOWLY.

THE U.S. INSISTS THE CANAL MUST BE OPEN ON A NON-DISCRIMINATORY BASIS BOTH DURING THE LIFE OF THE NEXT TREATY AND AFTERWARD; PANAMANIAN SAY THEY WANT THE SAME, AS A BUSY CANAL MIGHT BECOME A PROFITABLE CANAL.

24. AMERICAN INTERESTS. THE CANAL'S IMPORTANCE IS DECLINING
UNCLASSIFIED

PAGE 06 STATE 103870 TOSEC 110361

ING STEADILY, AND CANAL EXPANSION NO LONGER SEEMS ECONOMICALLY FEASIBLE TO MANY EXPERTS. ONLY ABOUT 16 PERCENT OF TOTAL U.S. IMPORT AND EXPORT TONNAGE GOES THROUGH THE CANAL, AND THE SHARE IS DROPPING. THIS YEAR, TOTAL TRAFFIC IS EXPECTED TO BE SOME 1,200 SHIPS FEWER THAN THE 13,875 OF 1975, AND THE LONGTERM TREND IS DOWN. THE CANAL IS A MONEY-LOSER AND STUDIES INDICATE MUCH HIGHER TOLLS WOULD DRIVE AWAY BUSINESS. YET SOME INCREASES SEEM UNAVOIDABLE NO MATTER WHO CONTROLS THE WATERWAY BECAUSE COSTS ARE RISING.

25. THE ADMINISTRATION AGREES THAT A FUNCTIONING CANAL REMAINS AN IMPORTANT U.S. INTEREST. BUT SINCE THE CANAL'S COMMERCIAL AND MILITARY VALUE IS DECLINING, THE ADMINISTRATION ARGUES THERE'S NO JUSTIFICATION FOR RETAINING THE ZONE AGAINST STRONG PANAMANIAN OBJECTIONS. THE ADMINISTRATION SAYS CONTROL ISN'T WORTH BEING PORTRAYED AS "COLONIALISTS" IN THE WESTERN HEMISPHERE, CAUSING DIPLOMATIC RIFTS WITH ALL LATIN NATIONS, OR AN OUTRIGHT FIGHT WITH PANAMA.

26. FAILURE TO RESOLVE THE ISSUE PEACEFULLY, PRESIDENT FORD WARNS, WILL CAUSE "THE ALIENATION OF THE WHOLE OF LATIN AND SOUTH AMERICA, THE NEED TO SEND MORE U.S. MILITARY PERSONNEL DOWN THERE TO PROTECT IT--THESE ARE JUST IRRESPONSIBLE ACTS THAT WE CAN AVOID AND WE ARE AVOIDING RIGHT NOW" BY NEGOTIATING.

27. THE TORRIJOS GOVERNMENT. THERE'S NO DOUBT THAT CHIEF OF STATE OMAR TORRIJOS IS AN AUTHORITARIAN LEADER: "A TINHORN DICTATOR" IN MR. REAGAN'S WORDS. HE DECLARED ALL POLITICAL PARTIES "EXTINCT" IN 1969, A YEAR AFTER SEIZING POWER BY COUP, AND PROHIBITS SERIOUS OPPOSITION. HE ALSO HAS FRIENDLY RELATIONS WITH CUBA'S FIDEL CASTRO, WHICH CAUSES SOME AMERICANS TO CALL HIM A CUBAN AND RUSSIAN PUPPET.

28. BUT THE STATE DEPARTMENT ARGUES IT MUST DEAL WITH THE EXISTING GOVERNMENT (AS IT DOES IN DICTATORIAL SOUTH KOREA OR THE PHILIPPINES, FOR EXAMPLE), AND ALSO CONTENTS THAT GENERAL TORRIJOS ISN'T REALLLY THAT BAD. HE IS TRYING TO DO MORE FOR HIS POOR COUNTRYMEN THAN DID THE OLIGARCHS WHO RULED BEFORE HIM, AND HIS ADMIRATION OF MR. CASTRO HAS
UNCLASSIFIED

PAGE 07 STATE 103870 TOSEC 110361

DISTINCT LIMITS--ALL THE MORE LIMITED AFTER A CUBAN TOUR

LAST JANUARY. U.S. OFFICIALS SAY THE CANAL ISSUE IS FELT DEEPLY BY MOST PANAMANIAN, AND IN NO WAY IS A TORRIJOS INVENTION. AMONG OTHER THINGS, THE CANAL DIVIDES THE COUNTRY IN HALF--MAKING RATIONAL ECONOMIC DEVELOPMENT DIFFICULT--AND THE HIGH INCOMES INSIDE THE ZONE EXACERBATE SOCIAL PROBLEMS FOR PANAMANIAN ON THE OUTSIDE.

29. "YOU AND I KNOW TOO WELL HOW MANY POINTS THERE ARE IN THIS TREATY TO WHICH A PANAMANIAN PATRIOT COULD OBJECT," SECRETARY OF STATE JOHN HAY SAID IN A 1906 LETTER TO A U.S. SENATOR.

30. UNLESS MR. REAGAN BECOMES PRESIDENT AND TURNS HIS CAMPAIGN RHETORIC INTO NATIONAL POLICY, NEGOTIATIONS SHOULD CONCLUDE NEXT YEAR. AND DESPITE THE 37 SENATORS WHO HAVE SIGNED THE RESOLUTION OF OPPOSITION, RATIFICATION SEEMS POSSIBLE ONCE THE ELECTIONS ARE OVER. SEVERAL SIGNERS HAVE INDICATED THEY'RE WILLING TO RECONSIDER THE ISSUE.

31. IN THE MEANTIME, THOUGH, MR. REAGAN HOPES HIS ANGRY PANAMA SPEECHES WILL HELP HIS ELECTION INTERESTS. THEY MAY, BUT IT'S DIFFICULT TO SEE HOW SUCH TALK HELPS THE NATIONAL INTEREST. (END TEXT.) SISCO

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